

ELIGIBILITY INFORMATION REQUIRED FOR 504 SUBMISSION

Rev. 12/05/08

I. General Information - Fill out all blanks and answer all questions. If a question is answered "No," the loan is not eligible.

Applicant Name _____
CDC Name _____
Describe Type of Business _____
Describe Project _____

Applicant is an operating business organized for profit, is located in United States, has demonstrated a need for the desired credit, and the desired credit is not otherwise available on reasonable terms from non-Federal sources. YES___ NO___

The Applicant will use the Project Property and the Project is located in the United States. YES___ NO___

The products and/or services of the applicant business are available to the general public. YES___ NO___

II. Size - Check Any Item(s) That Are Applicable and Fill out A or B below.

COMPLETE FOR APPLICANT:

If using the 504 size standard:

- A. Tangible net worth of Applicant (excluding its Affiliates) _____ Average net income after Federal income taxes (excluding any carry-over losses) for the Applicant (excluding its Affiliates) for the preceding two completed fiscal years _____

If using the alternative 7(a) size standard:

- B. Primary industry of Applicant _____ NAICS Code of Applicant _____
Average annual receipts of Applicant Business (excluding affiliates) over last 3 completed fiscal years _____ No. of employees of Applicant Business _____ SBA size standard for applicant _____

___ Applicant has possible affiliates. *If item is checked, provide the following information in Section X of this form:*

List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists.

If affiliation exists, provide a schedule showing combined size calculation.

The combined size calculation of applicant and its affiliates meets the size standard for the applicant's primary industry or the size standard for the primary industry of the applicant and its affiliates, whichever is higher. YES___ NO___

If size standard is exceeded by no more than 25%, Project location is within a labor surplus area. YES___ NO___

___ Applicant business has a franchise/license/dealer/jobber or similar agreement. *If checked, answer the following question:*

The SBA Franchise Registry lists the franchise/license/dealer/jobber or similar agreement as an approved agreement. YES___ NO___

If "Yes," attach a Certificate of No Material Change or Certificate of Material Change.

If "No", agreement must be submitted to SLPC with (or prior to) submission of the 504 application

III. Principals of the Applicant - Answer All Questions. If a question is answered "No," the loan is not eligible.

Lender has assessed the liquid assets of the immediate family (including spouse and dependent children) of each owner of 20% or more of the equity of the Applicant (and of the Operating Company, if the Applicant is an Eligible Passive Company) and determined that they do not exceed:

- for a financing package of \$250,000 or less, two times the total financing package or \$100,000, whichever is greater;
 - for a financing package between \$250,001 and \$500,000, one and one-half times the total financing package or \$500,000, whichever is greater;
 - for a financing package of more than \$500,000, one times the total financing package or \$750,000, whichever is greater
- YES___ NO___

All principals of business are either U.S. citizens, or non-U.S. citizens whose INS status has been verified by the lender.

YES___ NO___

CHOOSE ONE:

____ The business is at least 51 percent owned by individuals who are U.S. citizens and/or who have verified Legal Permanent Resident (LPR) status from INS and control the management and daily operations of the business.

____ The business is at least 51 percent owned by aliens with a verified status other than LPR, the lender has determined that continual and consistent management of the business has been provided by a U.S. citizen or by a verified LPR for at least one year and will continue indefinitely AND U.S. collateral is pledged sufficient to pay the loan in full at any time. (Businesses less than one year old do not meet these requirements.)

No Associate of the Applicant is incarcerated, on probation, on parole, or under indictment for a felony or a crime of moral turpitude.

YES___NO___

IV. Type of Business - Check Any Item(s) That Are Applicable.

____ Applicant is or does one of the following (*If item is checked, loan is not eligible*):

- primarily engaged in the business of lending
- a passive business that holds real and/or personal property to receive rent or lease income and does not provide sufficient services to deem it active and is not an Eligible Passive Company discussed below
- bail bond company
- life insurance company
- pyramid sale distribution plan
- any illegal activity
- consumer or marketing cooperative
- earns 1/3 or more of its gross annual revenue from packaging SBA loans
- primarily engaged in political or lobbying activities
- a speculative business (such as oil wildcatting)

____ Applicant is a pawn shop. *If item is checked, answer the following question. If "No," loan is not eligible.*

More than 50% of Applicant's income for the previous year was from the sale of merchandise rather than from interest on loans.

YES___NO___

____ Applicant is a mortgage service company. *If checked, answer the following question. If "No," loan is not eligible.*

Any mortgage loans funded are sold within 14 days of loan closing.

YES___NO___

____ Applicant is a business that receives rental income (such as mini-warehouse or office suite). If checked, answer the following question.

If "No", loan is not eligible.

Applicant has provided adequate documentation that at least 50 percent of Applicant's revenue for the prior year is from services provided (not rental income); or if a new business, projections demonstrate that at least 50 percent of Applicant's revenue will be from services provided.

YES___NO___

____ Applicant is a motel, trailer park, campground or similar type of business. *If item is checked, answer the following question. If "No," loan is not eligible.*

Applicant derives 50% or more of its gross annual income from transients who stay for periods of time not exceeding 30 days.

YES___NO___

____ Any of gross annual revenue of Applicant business is derived from gambling. *If item is checked, answer the following question. If "No," loan is not eligible.*

The revenue is from legal gambling activities and comprises 1/3 or less of gross annual revenue of Applicant business and the business is not a racetrack, casino or otherwise have gambling as its reason for being.

YES___NO___

____ Applicant is a private club or business. *If item is checked, answer the following question. If "No," loan is not eligible.*

Business does not limit the number of memberships for reasons other than capacity.

YES___NO___

____ Applicant is a government-owned entity. *If item is checked, answer the following question. If "No," loan is not eligible.*

Applicant is business owned or controlled by a Native American tribe, but is a separate legal entity from the tribe.

YES___NO___

____ Applicant is an Eligible Passive Company (EPC). *If item is checked, fill in the blanks and answer the following*

questions. If "No," loan is not eligible. Attach additional sheet with Names and Legal Forms if more than one OC. References below to OC mean each OC.

Name of Operating Company (OC) _____

Legal Form of Entity of OC _____

- The EPC will use the loans proceeds to acquire or lease, and/or improve or renovate real or personal property (including eligible refinancing) that it leases 100% to the OCs. YES___ NO___
- The OC is an eligible small business and the proposed use of proceeds would be an eligible use if the OC were obtaining the financing directly. YES___ NO___
- The EPC (with the exception of a trust) and the OC each are small under SBA's size standards. YES___ NO___
- The EPC is eligible as to type of business, other than being passive. YES___ NO___
- The lease between the Eligible Passive Company and the Operating Company will be in writing, will have a remaining term at least equal to the term of the loan (including options to renew exercisable solely by the Operating Company), will be subordinated to SBA's lien on the property and the rents will be assigned as collateral for the loan. YES___ NO___
- The OC will be a guarantor or co-borrower. If part of the assets are to be owned by the OC, it will be a co-borrower. YES___ NO___
- Each 20% or more owner of EPC and each 20% or more owner of OC will guarantee loan. YES___ NO___
- The aggregate amount of the SBA portions for this application and for all outstanding loans to the EPC, the OC, and their affiliates does not exceed \$1.5 million (or \$2 million if the 504 loan is eligible under public policy goals or \$4 million if the applicant is a Small Manufacturer.) YES___ NO___
- Neither the EPC nor the OC is a trust or SBA requirements regarding trusts are met. YES___ NO___

___ Applicant is a convalescent or nursing home. If item is checked, answer the following question. If "No," loan is not eligible.

Applicant provides services beyond room and board.

YES___ NO___

V. Project Financing and Costs - Answer All Questions. If a question is answered "No," the loan is not eligible.

Any costs attributable to the Project to be reimbursed to the Applicant are for land acquired prior to applying to SBA for the 504 loan and used in the Project or for other eligible expenses toward the Project within nine months prior to receipt by SBA of this application.

YES___ NO___

The Interim Loan does not cover the Borrower's contribution. The source of interim financing is not from any SBA program, directly or indirectly; the terms and conditions of the financing are acceptable; the source is not the Applicant or an Associate of the Applicant; and the source has the experience and qualifications to monitor properly all Project construction and progress payments.

YES___ NO___

The Borrower Contribution is cash or property that is part of the Project Property and is not derived from an SBA business loan program. If the contribution is borrowed, the interest rate is reasonable and any lien on the Project assets is subordinate to the liens securing the 504 loan, and the loan will not be repaid at a faster rate than the 504 loan.

YES___ NO___

If the Borrower has been in operation for 2 years or less (or there is a change in ownership of the applicant business)

- There is an additional Borrower Contribution of at least 5% (above the minimum 10%)
- the Debenture will finance no more than 35% of the Project and
- at least 50% of the Project financing will be from state or local government, banks or other financial institutions, foundations or other not-for-profit institutions, or seller (provided seller subordinates its interest to the debenture). YES___NO___

If the Project involves a limited or single-purpose building or structure,

- There is an additional Borrower Contribution of at least 5% (above the minimum 10%)
- the Debenture will finance no more than 35% of the Project and
- at least 50% of the Project financing will be from state or local government, banks or other financial institutions, foundations or other not-for-profit institutions, or seller (provided seller subordinates its interest to the debenture). YES___NO___

If the Borrower has been in operation for 2 years or less (or there is a change in ownership of the applicant business) and the Project involves a limited or single-purpose building or structure,

- the Borrower Contribution is at least 20%
- the Debenture will finance no more than 30% of the Project and
- at least 50% of the Project financing will be from state or local government, banks or other financial institutions, foundations or other not-for-profit institutions, or seller (provided seller subordinates its interest to the debenture). YES___NO___

The Third Party Loan is at least as much as the 504 Loan (net proceeds). The Third Party Loan(s) has a term of at least 7 years for a 10 year debenture and at least 10 years for a 20 year debenture. The interest rate is reasonable. Any financing provided by the seller of Project Property is subordinate to the 504 loan and may not be prepaid without SBA consent. YES___NO___

No more than 50% of eligible Project costs are from Federal sources. YES___ NO___

Any debt consolidation included in the Third Party Loan will not improve the lien position of the Lender on the pre-existing debt, unless the debt is a previous Third Party Loan. YES___ NO___

The aggregate amount of the SBA portions for this application and for all outstanding loans to this Applicant and its affiliates does not exceed \$1.5 million, or \$2 million if the Project is eligible under the following public policy goal or \$4 million if the applicant is a Small Manufacturer or an Energy Efficiency Project YES___ NO___

VI. Project Economic Development Goals - Answer Question.

Answer if debenture amount is \$1,500,000 or less:

This Project creates or retains one Job Opportunity for every \$50,000 (\$100,000 for a small Manufacturer) guaranteed by SBA.

YES___NO___

If "No," answer the following question:

The CDC's overall portfolio of 504 loans, including this loan but exclusive of 504 loans to Small Manufacturers meets or exceeds the CDC's required Job Opportunity Average AND the Project achieves the following community development or public policy goal: _____

(A Goal must be cited for any 504 Loan where the above jobs test is not met).

YES___NO___

If "No", loan is not eligible.

Answer if debenture amount is \$1,501,000 to \$2,000,000 (\$4,000,000 for an Energy Efficiency Project):

This Project is for a small manufacturer and it creates or retains one Job Opportunity for every \$100,000 guaranteed by SBA and the Project achieves the following community development or public policy goal:

YES___ NO___

If "No," answer the following question:

The project creates or retains one Job Opportunity for every \$50,000 guaranteed by SBA or the CDC's overall portfolio of 504 loans, including this loan but exclusive of 504 loans to Small Manufacturers meets or exceeds the CDC's required Job Opportunity Average AND the Project achieves the following public policy goal:

YES___NO___

If "No", loan is not eligible.

Answer only if a debenture amount is over \$2,000,000 to a Small Manufacturer:

This Project creates or retains one Job Opportunity for every \$100,000 guaranteed by SBA and the Project achieves the following community development or public policy goal:_____

YES___ NO___

If "No", loan is not eligible

VII. Use of Project Proceeds – Check Any Item(s) That Are Applicable.

___To relocate any operations of a small business which will cause a net reduction of one-third or more in the workforce of the relocating small business or a substantial increase in unemployment in any area of the country.

If item is checked, answer the following questions. If "No," loan is not eligible.

- The relocation is for key economic reasons and crucial to the continued existence, economic wellbeing, and/or competitiveness of the applicant; and the economic development benefits to the applicant and the receiving community outweigh the negative impact on the community from which the applicant is moving. YES___ NO___
- ___To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant.
If item is checked, loan is not eligible.
- ___To fund purchase, renovation, or reconstruction of an existing building. If item is checked, answer the following questions. If "No," loan is not eligible.
- Applicant (or Operating Companies) will occupy at least 51% of the rentable property. YES___ NO___
- Loan proceeds will not be used to remodel or convert space not occupied by the Applicant or OC. YES___ NO___
- Third Party Loan proceeds used to renovate the rental space are not counted towards the 504 first mortgage requirements or the Borrower's Contribution. YES___ NO___
- ___To finance construction of a new building. If item is checked, answer the following questions. If "No," loan is not eligible.
- If building will contain rental space, Applicant (or Operating Companies) will occupy 60% of rentable space immediately, will lease no more than 20% of rentable space long term, will increase its occupancy within 3 years, and plans to occupy at least 80% of rentable space within 10 years. YES___ NO___
- Community improvements do not exceed 5 percent of construction proceeds. YES___ NO___
- ___To purchase, transport, dismantle or install machinery and equipment. If item is checked, answer the following question. If "No," loan is not eligible.
- The machinery and equipment has a useful life of at least 10 years.
(20 years if a 20 year 504 Loan is requested)
- YES___ NO___
- ___To purchase short-term equipment, furniture and/or fixtures. If item is checked, answer the following question. If "No," loan is not eligible.
- The dollar amount compared to the total project cost is minimal and will not affect the maturity based upon a weighted average useful life and the items are essential to and a minor portion of the Project. YES___ NO___
- ___To fund leasehold improvements. If item is checked, answer the following question. If "No," loan is not eligible.
- Loan proceeds will be used to improve space occupied 100% by Applicant. YES___ NO___
- ___To acquire, construct, or modify buildings and improvements, and/or to purchase and install machinery and equipment located on land leased to the Applicant by the CDC or an unrelated lessor. If item is checked, answer the following questions. If "No," loan is not eligible.
- The remaining term of the lease, including options to renew, exercisable solely by the lessee, will equal or exceed the term of the Debenture, or, in the case of machinery or equipment, equals or exceeds the useful life of the property or the term of the Debenture, whichever is less. YES___ NO___
- The Applicant will assign its interest in the lease to the CDC with right of reassignment to SBA. YES___ NO___
- If CDC is leasing property to the Applicant, the rent paid during the Debenture term will pay principal and interest on all debt incurred by the CDC to finance the Project, and all related expenses. YES___ NO___
- ___Loan proceeds will affect properties included or eligible to be included in the National Register of Historic Places.

VIII. Conflict of Interest

SBA may not provide financial assistance to an applicant where there is any appearance of a conflict of interest on the part of SBA or the CDC. All statements must be answered as "True" to be eligible.

- No SBA employee, the employee's close relative or a member of the employee's household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True___
- No former SBA employee separated from SBA for less than one year is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True___
- No individual currently involved in a Small Business Development Center program, the individual's close relative or a member of the individual's household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True___

- No member of Congress or an appointed official or employee of the legislative or judicial branch (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True_____
- If an Associate** of the small business or member of any Associate's household is a GS-13 or higher government employee or a Major or Lieutenant Commander or higher in the military, the small business applicant has submitted to the CDC a statement of no objection by the pertinent government department or military service. True_____
- No member or employee of a Small Business Advisory Council or a SCORE volunteer (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True_____
- No employee of a community organization such as a certified development company or microlender (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True_____
- No community organization or its officers or its directors have a significant financial interest in the Applicant unless the organization has been inactive in packaging SBA loans for at least two years prior to the application date. True_____
- No CDC or Associate** of CDC has a real or apparent conflict of interest with Applicant, any of Applicant's Associates, or any of the close relatives of Applicant's Associates. True_____
- No CDC or Associate or close relative of an associate of the CDC has a significant direct or indirect financial or other interest in the applicant, or has had such an interest within 6 months prior to the date of the application. True_____
- No Associate of a CDC is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment (in a case involving fraud, breach of trust, or other conduct) that would cause the public to question the CDC's business integrity. True_____
- No CDC or any Associate of CDC has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that CDC may assist under an SBA program or that imposes any conditions or requirements upon recipients of SBA assistance inconsistent with SBA's loan programs or regulations. True_____
- None of the Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from CDC or an Associate of CDC. True_____
- Neither the Applicant, an Associate of Applicant, close relative nor household member of an Associate of Applicant is required to invest in CDC. True_____
- None of the proceeds of the loan will be used to acquire space in project for which CDC has issued a real estate forward commitment. True_____

(**Associate of a CDC is an officer, director, key employee, or holder of 20 percent or more of the value of the CDC's stock or debt instruments. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

IX. Other - Check Any Item(s) That Are Applicable.

___Applicant or Affiliate(s) has/have existing SBA loan(s). *If item is checked, answer the following question.*

If "No," loan is not eligible.

The existing SBA loan(s) is/are current.

YES___ NO___

___Business or any of its principals has been involved in a federal loan or federally assisted financing that defaulted and caused a loss to the Federal government or any of its Departments or agencies. *(If "Yes," explain in Section XI.)*

YES___ NO___

___Applicant business activities include teaching, instructing, counseling, or indoctrinating religion or religious beliefs whether in a religious or secular setting. *(If "Yes," explain in Section XI.)*

YES___ NO___

___Applicant has products or services of a sexual nature. *If item is checked, answer the following questions.*

If "No," loan is not eligible.

Applicant does not present live performances of a prurient sexual nature.

YES___ NO___

Applicant does not derive more than 5% of its gross revenue directly or indirectly, through the sale of products or services or the presentation of any depictions or displays of a prurient sexual nature.

YES___ NO___

___Applicant conducts operations both in the United States and in a foreign country. *If item is checked, answer the following questions. If "No," loan is not eligible.*

Loan proceeds will not benefit the foreign location/operation.

YES___ NO___

Applicant operates primarily in the United States.

YES___ NO___

Applicant pays taxes to the United States OR applicant uses American products, materials, and labor.

YES___ NO___

Loan proceeds will be used exclusively for the benefit of the domestic operation.

YES___ NO___

Applicant does not conduct trade in any country with which the United States Government restricts trade according to the Export-Import Bank's current "Country Limitation Schedule" (CLS), which can be found at http://www.exim.gov/tools/country_limits.html

YES___ NO___

___Loan is collateralized by Indian lands held in trust.

X. COMMENTS REGARDING ANY OF ABOVE ANSWERS THAT REQUIRE EXPLANATION OR REGARDING ANY OTHER RELEVANT ELIGIBILITY ISSUES. ATTACH ADDITIONAL PAGE(S) IF NECESSARY.

CDC hereby certifies that the above information is true and correct, to the best of its knowledge, and that it has exercised due diligence to obtain the true and correct information.

CDC Signature

and Typed Name and Title _____ **Date** _____

(VER. 11/25/08)